



KCG Americas LLC

Customer Disclosure Document

**Under the Commodity Futures Trading Commission
Rule 1.55**

June 30, 2014

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INTRODUCTION

The Commodity Futures Trading Commission (“CFTC”) requires each futures commission merchant (“FCM”), including KCG Americas LLC (“KCG Americas” or “the Company”), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities (funds) with the FCM. Except as otherwise noted below, the information set out is as of June 30, 2014. KCG Americas will update this information annually and as necessary to take account of any material change to its business operations, financial condition or other factors that the company believes may be material to a customer’s decision to do business with KCG Americas. Nonetheless, business activities and financial data are not static and will change throughout any 12-month period.

KCG Americas also operates as a broker-dealer registered with the U.S. Securities and Exchange Commission (“SEC”). Information that may be material with respect to KCG Americas for purposes of the CFTC’s disclosure requirements may not be material for purposes of applicable securities laws and vice versa.

OVERVIEW OF THE COMPANY

OPERATIONS OF THE COMPANY

KCG Americas is a single member limited liability company organized in the state of Delaware. The Company's sole member is Knight Capital Holdings LLC ("KCH"). The Company's ultimate parent is KCG Holdings, Inc. ("KCG"). KCG is a financial services holding company that is publicly traded on the New York Stock Exchange ("NYSE").

KCG Americas is a broker-dealer registered with the U.S. Securities Exchange Commission ("SEC") and a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("CFTC"). The Company is a clearing member of principal stock exchanges and commodity exchanges in the United States, including the New York Stock Exchange ("NYSE") and the Chicago Mercantile Exchange ("CME") and is a member of Financial Industry Regulatory Authority ("FINRA"), the National Futures Association ("NFA"), The Depository Trust & Clearing Corporation, the National Securities Clearing Corporation and The Options Clearing Corporation. The Company also is a member of the Municipal Securities Rulemaking Board. The Company's designated self-regulatory organizations are FINRA and the CME.

The Company's operating activities consist of the following:

Market Making and Principal Trading

Market Making principally consists of market making in equities and listed options. As a market maker, the Company commits capital for trade executions by offering to buy securities from, or sell securities to, institutions and broker-dealers. Market Making primarily includes client direct and exchange-based electronic market making activities, including trade executions as an equities Designated Market Maker ("DMM") on the New York Stock Exchange ("NYSE") and NYSE Amex Equities ("NYSE Amex"). The Company is an active participant in all major US equity and futures exchanges and also trades on substantially all domestic electronic options exchanges. As a complement to electronic market making, the Company's cash trading business handles specialized orders and also transacts on the OTC Bulletin Board, marketplaces operated by the OTC Markets Group Inc. The Firm also engages in principal trading strategies across asset classes. The capital required for market making activities changes every day based on trading activity and market conditions; however, the Company estimates that approximately 85% of assets and 90% of capital are used to support this business segment.

Execution Services

Execution Services provides agency execution services and operates trading venues. This segment offers access via its electronic agency-based platforms to markets and self-directed trading in equities, options and futures. In contrast to Market Making, Execution Services

generally does not act as a principal to transactions that it executes; however, it will commit capital on behalf of clients as needed, and generally earns commissions for acting as agent between the principals to the trade. Execution Services includes high touch equity sales and trading, including exchange traded funds ("ETFs"). This activity also facilitates client orders through program, block and riskless principal trades. Additionally, Execution Services includes the futures commission merchant ("FCM") business, which provides clients with futures execution and clearing services on major U.S. and European futures and options exchanges. The capital requirement committed to agency execution services varies every day based on client trading activities and market conditions, however the Company estimates that approximately 15% of assets and 10% of capital are used to support this business segment.

OVERVIEW OF KCG FUTURES

KCG Futures operates as a division of KCG Americas. KCG Futures provides execution and clearing services on all major U.S. and European futures exchanges for clients, its affiliates and the Company's principal trading. Clients include, professional trading groups, commercial users of the futures markets, introducing brokers, managed accounts and non-clearing FCM firms.

KCG Americas is a clearing member of the following principal futures exchanges:

- Chicago Mercantile Exchange
- Chicago Board of Trade
- New York Mercantile Exchange
- New York Commodity Exchange
- Kansas City Board of Trade
- Minneapolis Grain Exchange
- ICE Futures US
- ICE Futures Europe
- CBOE Futures Exchange
- ONEChicago
- NYSE Euronext Liffe,
- NYSE Liffe US

KCG Americas is also a non-clearing member of Eurex and a foreign participant of the Montreal Exchange.

The Company utilizes the following clearing brokers to facilitate customer trading on foreign futures exchanges:

- ABN AMRO Clearing Chicago LLC, Chicago IL
- BMO Nesbitt Burns Inc., Toronto, Ontario
- Phillip Futures Pte Ltd., Singapore
- Nissan Century Securities Co., Ltd., Tokyo, Japan
- ED&F Man Capital Markets Limited, London, United Kingdom

The main office of KCG Americas is located at:

545 Washington Blvd.
Jersey City, NJ 07310
Tel. (800)544-7508
www.kcg.com

The office of KCG Futures is located at:

350 N. Orleans Avenue
Chicago, IL 60654
Tel. (312)930-2200
www.kcgfutures.com

You can also refer to the NFA Background Affiliation Status Information Center (BASIC) for more information published by the NFA regarding KCG Americas

<http://www.nfa.futures.org/basicnet/Details.aspx?entityid=ZtRc3BgzCPs%3d&rn=Y>

PRINCIPALS REGISTERED WITH THE CFTC AND NFA

Carl W. Gilmore

Managing Director
Head of KCG Futures
350 N. Orleans Avenue, 3rd Floor
Chicago, IL 60654

Greg A. Hostetler

KCG Futures, Chief Compliance Officer
350 N. Orleans Avenue, 3rd Floor
Chicago, IL 60654

Renata K. Szkoda

KCG Futures, Chief Financial Officer
350 N. Orleans Avenue, 3rd Floor
Chicago, IL 60654

Timothy P. Dunham

Managing Director
KCG Americas LLC
Regulatory and Operations Controller
545 Washington Blvd.
Jersey City, NJ 07310

Matthew S. Levine

Managing Director
KCG Americas LLC
Chief Compliance Officer
545 Washington Blvd.
Jersey City, NJ 07310

Ryan F. Primmer

Managing Director
Global Head of Fixed Income, Foreign
Exchange and Commodities Trading
KCG Americas LLC
545 Washington Blvd.
Jersey City, NJ 07310

Greg Tusar

Managing Director
Global Head of Execution Services
KCG Americas LLC
545 Washington Blvd.
Jersey City, NJ 07310

Note: Ryan F. Primmer is not directly involved with KCG Futures. His areas of responsibility are focused on the trading and market making activity of KCG Americas.

REGULATORY ORGANIZATIONS OF THE COMPANY

The designated self-regulatory organizations of the Company are FINRA and the CME.

www.finra.org

www.cmegroup.com

FINANCIAL INFORMATION AND LEGAL MATTERS

You can access the most recent audited financial statements of KCG Americas LLC at

<https://www.kcgfutures.com>

The Company clears futures trades for customers, its affiliates and its own principal trading. Margin deposits required by futures clearing organizations and clearing brokers vary every day.

The Company provides execution and clearing services for customers such as professional trading groups, commercial users of the futures markets, introducing brokers, managed accounts and non-clearing FCM firms. Customer funds held in their trading accounts vary every day based on trading activity and market conditions; however, the Company estimates that at times 8-10 customers trading U.S. futures markets may represent 50 percent of the total segregated customer funds and between 1-5 customers trading foreign futures markets may represent 50 percent of total 30.7 secured funds.

Customer activities may expose the Company to credit risk in the event the customer is unable to fulfill its contracted obligation as the Company guarantees the performance of its customers to the respective clearing houses or other brokers. In accordance with regulatory requirements and market practice, the Company requires its customers to meet, at a minimum, the margin requirements established by each of the exchanges at which contracts are traded. Margin is a good faith deposit from the customer that reduces risk to the Company of failure by the customer to fulfill obligations under these contracts. The Company establishes customer credit limits and monitors required margin levels on a daily basis and, pursuant to such guidelines, require customers to deposit additional collateral, or to reduce positions, when necessary. Further, the Company seeks to reduce credit risk by entering into netting agreements with customers, which permit receivables and payables with such customers to be offset in the event of a customer default. During the last 12 months ended June 30, 2014, the total amount of customer

receivables that were written off as uncollectible was approximately 0.002% and 0.000% percent of total segregated and 30.7 secured customer funds, respectively.

Also, certain affiliated entities execute and clear futures transactions through the Company. In accordance with regulatory requirements and market practice, the Company requires its affiliates to meet, at a minimum, the margin requirements established by each of the exchanges at which contracts are traded. The Company monitors required margin levels on a daily basis and, pursuant to its guidelines, requires affiliated entities to deposit additional collateral, or to reduce positions, when necessary. On average, the margin requirements for proprietary futures trading activities of the Company are not significant and represent approximately 1% of the total margin deposited at such clearing organizations.

Customers should be aware that the National Futures Association (NFA) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice-monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds, *i.e.*, the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public also has the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

Additional financial information on all FCMs is also available on the Commission's website at: <http://www.cftc.gov/MarketReports/FinancialDataforFCMs/index.htm>.

LEGAL MATTERS

The Company may be named as a party to legal actions, arbitrations and administrative claims arising in connection with the conduct of its FCM business. There have been no material administrative, civil, enforcement, or criminal actions or proceedings against KCG Americas

related to its activities as an FCM since the acquisition of certain assets and liabilities of Penson Futures (now known as KCG Futures) on June 1, 2012.

PROTECTION OF CUSTOMER FUNDS

U.S. Futures and Options on Futures – Segregated Assets

Section 4d(a)(2) of the Commodity Exchange Act (“CEA”) and CFTC Regulation 1.20, *Futures Customer funds to be segregated and separately accounted for*, thereunder stipulate that an FCM shall treat and deal with all money, securities, and property received by the FCM to margin, guarantee, or secure the commodity futures and options trades of commodities customers as belonging to such customers. Further, the CFTC regulations require an FCM to account separately for (and segregate) such money, securities, and property and not to commingle such customers’ assets with the proprietary assets of the FCM or funds held by the FCM for noncustomers. Customers’ segregated assets shall not be used to secure or guarantee the trades, contracts, or commodity options, or to secure or extend the credit of any person other than the customers for whom the assets are held.

The CFTC’s segregation requirements apply to customers’ assets received by an FCM for the customers’ commodity futures and options trades executed on commodity futures and options exchanges located in the United States. CFTC Regulations 1.11, 1.20–.30, 1.32, *Segregated account; daily computation and record*, and 1.49 specify the manner in which an FCM must segregate, handle, and account for futures customers’ assets.

The CFTC regulations under the CEA are designed to accomplish the following objectives:

- To ensure that customers’ assets are properly safeguarded
- To segregate and separately account for Section 4d(a)(2) customers’ assets and commodity futures and options trading accounts from the assets, operations, and trading activities of the FCM and the FCM’s noncustomers
- To ensure that FCMs monitor their segregation requirements and total segregated assets available, and maintain adequate funds in segregated accounts to cover the overall amounts required to be held in segregated accounts and on a currency-by-currency basis as is required by CFTC Regulation 1.49
- To require an FCM to document compliance by computing and preparing a daily record showing the total amount required to be segregated, the total amount of funds on deposit in segregated accounts, and the excess or deficiency in segregated assets on deposit to cover the segregation requirement

- To protect customer assets in case of the liquidation of an insolvent FCM

Care and use of customer-segregated assets. CFTC Regulation 1.21 requires an FCM to treat and account for all money received, directly or indirectly, or accrued to commodity futures and options customers, as segregated assets. The money received or accrued may be deposited in a customer-segregated assets account and be treated as fully belonging to all of the FCM's segregated commodity customers. The individual customers' trading accounts responsible for the receipts or accruals must be credited for the specific amounts they are due.

Foreign Futures and Foreign Options on Futures – Secured Assets

An FCM's foreign futures and foreign options customer is defined by CFTC Regulation 30.1c as any person, other than the holder of a proprietary account of the FCM, who is located or based in the United States and trades foreign futures or foreign options. Regulated foreign futures and foreign options are defined by CFTC Regulations 30.1a and 30.1b as commodity futures and options contracts traded on, or subject to the rules of, a foreign board of trade.

Foreign futures or foreign options secured amount. In the case of customers trading foreign futures markets, CFTC Regulation 30.7a requires an FCM to maintain, in a separate account or accounts, money, securities, and property required by an FCM to margin, guarantee, or secure open foreign futures contracts plus or minus any unrealized gain or loss on such contracts. In the case of foreign options customers in connection with open foreign options transactions, CFTC Regulation 30.7a requires an FCM to maintain, in a separate account or accounts, securities and property representing premiums paid or received, plus any other funds required to guarantee or secure open transactions plus or minus any unrealized gain or loss on such transactions. The amount required to cover such obligations is called the secured amount.

Set-aside funds. The money, securities, and property kept by an FCM in separate accounts for the benefit of Part 30 customers are called the FCM's *set-aside or secured funds*. CFTC Regulation 30.7a stipulates that an FCM may not commingle its Part 30 set-aside funds with the money, securities, or property of the FCM or the FCM's proprietary or noncustomer accounts. Additionally, CFTC Regulation 30.7d prohibits set-aside funds from being held, deposited, or otherwise commingled with customers' funds segregated pursuant to Section 4d(a)(2) or 4 (b) of the CEA.

Location of Depositories for Segregated and Secured Funds

Under the CFTC regulations, customer segregated and secured funds may be held at banks in the United States or in a Money Center Country, as defined in CFTC Regulation 1.49, such as Canada, France, Italy, Germany, Japan and the United Kingdom.

There are certain qualifications for depositories that may hold such funds. A qualified depository, if located outside the United States, must be

- an FCM registered with the CFTC,
- a bank or trust company that has regulatory capital in excess of \$1 billion, or whose commercial paper or long-term debt instrument or, if part of a holding company system, its holding company's commercial paper or long-term debt instrument is rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization, or
- a derivatives clearing organization.

Locations of depositories are approved by the Treasurer, the Chief Credit Risk Officer of the Company and the CFO of KCG Futures.

INVESTMENT OF CUSTOMER FUNDS

Under Commodity Futures Trading Commission (“CFTC or Commission”) Regulation 1.25, investment of customer segregated funds held in accounts in accordance with section 4d(a)(2) of the Commodity Exchange Act (“Act”) and Commission Rule 1.20 (“Segregated Funds”) and customer funds held in an account subject to Commission Regulation 30.7 (“Secured Funds”) are limited to the following financial instruments:

- Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);
- General obligations of any State or of any political subdivision thereof (municipal securities);
- Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations);¹¹
- Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;
- Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);

¹¹ Obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Association are permitted only while these entities operate under the conservatorship or receivership of the Federal Housing Finance Authority with capital support from the United States.

- Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and
- Interests in money market mutual funds.

The duration of the securities in which an FCM invests customer funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, *i.e.*, Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account. Further, in accordance with the provisions of Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.

Money held in segregated accounts shall not include:

- Money invested in obligations or stocks of any clearing organization or in memberships in or obligations of any contract market;
- Money held by any clearing organization which it may use for any purpose other than to purchase, margin, guarantee, secure, transfer, adjust, or settle the contracts, trades, or commodity options of the commodity or option customers of the Company.

The weighted average term-to-maturity of the total investment portfolio for Segregated Funds and Secured Funds should not exceed 9 months.

PERMITTED DEPOSITORIES FOR CUSTOMER FUNDS

As a clearing futures commission merchant holding customer funds, the Company is obligated by the CFTC to separately account for all futures customer funds and segregate such funds as belonging to its futures customers. The Company is further required to deposit futures customer funds in an account(s) which clearly identifies such funds as futures customer funds and shows that such funds are segregated as required by the Commodity Exchange Act (“CEA”). The Company must at all times maintain in the separate account or accounts money, securities and

property in an amount at least sufficient in the aggregate to cover its total obligations to all futures customers.

The Company may deposit futures customer funds, subject to the credit risk management policies and procedures with the following depositories:

- A bank or trust company;
- A derivatives clearing organization; or
- Another futures commission merchant.

The Company's credit risk management policy is designed to mitigate risks associated with the credit exposure, including the risk of failure of clearing counterparties and custodians of client funds. The Company performs appropriate due diligence before a counterparty is approved to hold customer funds to ensure that the financial entity where the Company would deposit such funds is financially sound. KCG Americas requires custodians of client funds to be established, well capitalized institutions.

The following criteria, without limitations, are considered:

- Investment grade/debt rating
- Minimum equity and financial results
- Net capital and capital ratios
- Publicly listed company or government guaranteed organization
- Location
- Operational reliability
- Access to liquidity
- Availability of deposit insurance
- Extent of regulation and regulatory supervision of the depository
- Reputation in the industry

New customer segregated and secured bank and counterparty accounts are approved the Chief Credit Risk Officer, the Treasurer of the Company as well as the CFO of KCG Futures.

The Company's policy is to monitor the financial strength and evaluate the credit condition of counterparties with which it conducts business.

RISK MANAGEMENT

The risk management policies and procedures of KCG Futures are designed to identify, measure, and manage risks associated with the operations of the FCM and are part of the overall risk management program of KCG Americas. The following is intended to summarize risk management policies and procedures of KCG Futures as they relate to the futures and options on futures trading activities of customers, affiliated entities as well as trading activity in proprietary accounts of the Company.

MARGIN REQUIREMENT

Margin deposits are good faith deposit posted by each client to collateralize their obligation to the Company under open futures and options on futures positions. Generally, all futures clients are required to pre-fund their accounts with adequate margin to collateralize the risk associated with such clients' positions prior to establishing such positions. Margin requirements established by the Company may not be less than those mandated by the relevant exchange and/or clearinghouse and in certain circumstances such margin requirements may be increased above the exchange minimums at the sole discretion of the Company. The Risk Management Department of KCG Futures monitors margin levels and compliance with funding requirements throughout all trading hours. Margin calls are issued daily and in certain circumstances intra-day. Under-margined accounts that fail to meet a margin call may be subject to a reduction of open positions or immediate liquidation.

NEW ACCOUNTS

Prior to opening of a futures account, the clients must complete relevant new account documents, which include certain information about the client. Such documents may include, without limitation:

- The Futures Division Customer Agreement
- CFTC Regulation 1.55 Risk Disclosure Statement
- Consent to Jurisdiction
- Electronic Trading Disclosure Form
- Identity Verification Document/Corporate Documents

- Financial Information

Additionally, a potential client must disclose certain information about his financial status, yearly income, and trading experience. KCG Futures reserves the right to decline accounts that do not meet our standards for credit worthiness, financial resources, and/or trading experience.

TRADING LIMITS

Pursuant to CFTC Regulation 1.73(a)(1) and (2) et al, each electronic trading system must maintain pre-execution credit and risk control features. Such features must allow KCG Futures Risk Management personnel to set and maintain the following:

- maximum order size
- maximum theoretical position limits, or
- buying power/margin

The KCG Futures Risk Management Department sets credit limits and risk controls for each electronic trader prior to enabling such trader's access to The KCG Futures Electronic Access Point. Determinations regarding the level of maximum order size, maximum position limit, and maximum dollar loss are set based on the review of relevant information for the client. Factors affecting risk management decisions in this area may include:

- amount of funds on deposit
- contemplated activity
- trading experience
- creditworthiness – as determined by the criteria set forth herein
- external market condition
- client's historical activity with KCG Futures

KCG Futures Risk Management Department applies a similar process for the purpose of setting limits and risk management review for accounts of affiliated entities and proprietary accounts of the Company.

As part of its risk management program, KCG Futures utilizes risk management tools provided by futures exchanges and/or futures clearing houses to the extent that such tools are available. Such tools shall be utilized in conjunction with other relevant tools and procedures as set forth herein.

POST EXECUTION RISK MANAGEMENT

The Risk Management Department maintains ongoing post-execution surveillance of the trading activity in the accounts. Trading activity is captured by our risk management systems on a virtual real-time basis. Our post-execution surveillance contains, but is not limited to, the following:

a. STRESS TESTING

Pursuant to CFTC Regulation 1.73(a)(4), it is the policy of KCG Futures to stress-test all futures client positions. Such stress-testing shall be conducted daily. Further, the Risk Management Department may stress-test futures positions held by clients and affiliates at more frequent intervals. Stress-testing shall include, but is not limited to, the following types of risk:

- Adverse price movement
- Adverse changes in volatility

b. ESTIMATION OF LIQUIDATION COST

Pursuant to CFTC Regulation 1.73(a)(7), KCG Futures Risk Management Department evaluates periodically the ability to liquidate positions in an orderly manner. Further, the costs of such liquidation are also evaluated. The evaluation may include, but is not limited to:

- A review of positions and stress-testing of positions
- A review of internal calculation of “max risk” reports designed to estimate the effect of extreme movements on the value of open positions and subsequent account value.

MATERIAL RISKS

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY

In order to assure that it is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations, KCG Americas maintains a highly liquid balance sheet, with a substantial portion of total assets consisting of cash, highly liquid marketable securities and short term receivables. As of December 31, 2013, the Company had total assets of \$4.98 billion, a significant portion of which consisted of cash or assets readily convertible to cash as follows (in thousands):

	December 31, 2013
Cash and cash equivalents	\$ 164,895
Cash and cash equivalents segregated under federal and other regulations	183,082
Financial instruments owned, at fair value	
Equities	1,661,428
U.S. Government obligations	14,134
Corporate debt	43,203
Listed equity options	339,798
Collateralized agreements	
Securities borrowed	1,339,491
Receivable from brokers, dealers and clearing organizations	609,510
Total cash and assets easily convertible to cash	\$ 4,055,541

Substantially all of the non-cash amounts disclosed in the table above can be liquidated into cash within five business days under normal market conditions, however, the liquidated values may be subject to haircuts during distressed market conditions.

The Company has financed its business primarily through cash generated by operations, through overnight and term secured borrowing facilities and by funding from its parent.

For additional liquidity needs, the Company has entered into a credit facility with a consortium of banks and financial institutions. The credit facility comprises of a total committed amount of \$450 million and provides for a future increase of the revolving credit facility of up to \$300 million to a total of \$750 million on certain terms and conditions. The loans under the credit facility mature on June 6, 2015.

The credit facility includes customary affirmative and negative covenants, including limitations on indebtedness, liens, hedging agreements, investments, loans and advances, asset sales, mergers and acquisitions, dividends, transactions with affiliates, restrictions on subsidiaries, issuance of capital stock, negative pledges and business activities. It contains financial maintenance covenants establishing a minimum total regulatory capital for the Company, a maximum total asset to total regulatory capital ratio for the Company, a minimum excess net capital limit for the Company, a minimum liquidity ratio for the Company, and a minimum tangible net worth threshold for KCG. As of June 30, 2014, the Company was in compliance with the covenants.

The Company may also rely on funding from KCG, its ultimate parent. KCG is a publically traded company with its stock listed at the New York Stock Exchange under the ticker symbol KCG. You can find financial information of KCG at kcg.com.

KCG Americas monitors and reports the Company's measure of leverage to its regulators on a monthly basis. The firm's measure of leverage is consistent with CFTC Regulation 1.10 and is calculated as follows: total balance sheet assets, less any instruments guaranteed by the U.S. government and held as an asset or to collateralize an asset (e.g., a reverse repo) divided by total capital (the sum of stockholder's equity and subordinated debt) all computed in accordance with U.S. GAAP. At December 31, 2013, the Company reported leverage of 4.46.

The majority of the Company's transactions are conducted with broker-dealers, banks and clearing organizations primarily located in the United States. The Company self-clears substantially all of its U.S. equity, option and futures transactions. The Company clears a portion of its securities transactions through third party clearing brokers. Foreign transactions are settled pursuant to global custody and clearing agreements with affiliates of major money center banks. Substantially all of the Company's credit exposures are concentrated with its clearing brokers, clearing organizations and institutional counterparties. The Company's policy is to monitor the credit standing of counterparties with which it conducts business.

The Company is a member of exchanges that trade and clear futures contracts. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchange. Although the rules governing different exchange memberships vary, in general the Company's guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the exchange.

CUSTOMER FUNDS DEPOSITED FOR COMMODITIES TRADING

Customer funds deposited by customers at KCG Americas for the purpose of trading commodity futures and options on futures contracts traded on US designated contract markets and foreign boards of trade are separately accounted for and segregated or set aside as belonging to the futures customers. Further, CFTC rules require the Company to hold funds deposited to margin

such futures and options on futures contracts traded in Customer Segregated Accounts. Similarly, the Company must hold funds deposited to margin cleared swaps and futures and options on futures contracts traded on foreign boards of trade in a 30.7 Secured Account, respectively. Funds held in CFTC Regulation 1.20 Segregated Accounts or CFTC Regulation 30.7 Secured Accounts may not be used to meet obligations of the Company.

For each Segregated and 30.7 Secured account, the Company obtains a signed acknowledgment from the account depository whereby the depository acknowledges that it has been informed that the assets deposited in the customer segregated or secured account are those of commodity futures and options customers and are held pursuant to the CEA and the regulations thereunder. No depository that has received customer assets for deposit in a segregated or secured account may use them for its own benefit.

Although KCG Americas is a registered broker-dealer, it is important to understand that the funds customers deposit with KCG Americas for trading futures and options on futures contracts on either US or foreign markets or cleared swaps are not protected by the Securities Investor Protection Corporation. Funds deposited for the purpose of trading commodity futures and options on futures contracts traded on US designated contract markets and foreign boards of trade are generally not guaranteed or insured by a derivatives clearing organization in the event of the bankruptcy or insolvency of the Company; however, such obligations to futures customers may obtain priority during distribution of assets under the bankruptcy of the Company.

In computing its Customer Funds requirements under relevant CFTC rules, the Company may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (*e.g.*, securities, Customer Segregated, 30.7 Customer Secured) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically-owned account.

INVESTMENT OF CUSTOMER FUNDS

KCG Americas may invest customer funds in financial instruments subject to the CFTC restrictions under Regulation 1.25, investment of customer segregated funds held in accounts in accordance with section 4d(a)(2) of the Commodity Exchange Act (“Act”) and Commission Rule 1.20 and customer funds held in an account subject to Commission Regulation 30.7 (summarized in this Disclosure Document). The Company's primary investment objectives, in priority order, are:

1. Preservation. Preservation of principal is the foremost objective of the investment program. Company investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

2. Liquidity. The investment portfolio of the Company should be sufficiently liquid to enable the Company to meet its daily liquidity needs and cash flow requirements.
3. Return on Investment. The investment portfolio of the Company shall be designed with the objective of maximizing return on its investments, but only after ensuring preservation of principal and meeting liquidity requirements.

You can access information on investments of customer funds at kcgfutures.com

As of June 30, 2014, customer funds were held in cash deposits, U.S. government treasury securities, and money market funds. The average weighted maturity of all investments held as of that date was approximately 5 months, and the average weighted coupon was 0.35 percent.

None of the investments of customer funds were held with affiliates of the Company.

FILING A COMPLAINT

A customer that wishes to file a complaint about KCG Americas or one of its employees with the Commission can contact the Division of Enforcement either electronically at:

<https://forms.cftc.gov/fp/complaintform.aspx>

or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer that may file a complaint about KCG Americas or one of its employees with the National Futures Association electronically at:

<http://www.nfa.futures.org/basicnet/Complaint.aspx>

or by calling NFA directly at 800-621-3570.

A customer that wishes to file a complaint about KCG Americas or one of its employees with the Chicago Mercantile Exchange electronically at:

<http://www.cmegroup.com/market-regulation/file-complaint.html>

or by calling the CME at 312.341.3286.

Customer hereby acknowledges receipt and Customer's understanding of this Customer Disclosure Document:

CFTC Rule 1.55(k) FCM Disclosure Document (www.kcgfutures.com)

Printed Customer Name: _____

Signature: _____ **Date:** _____

Printed Customer Name (joint): _____

Signature (joint): _____ **Date:** _____